

City of Keene
New Hampshire

CITY COUNCIL WORKSHOP: NH RSA 79-E
MEETING MINUTES

Tuesday, September 16, 2025

6:00 PM

**Council Chambers,
City Hall**

Members Present:

Kate M. Bosley
 Laura E. Tobin
 Randy L. Filiault
 Robert C. Williams
 Edward J. Haas
 Philip M. Jones
 Andrew M. Madison
 Bryan J. Lake
 Mitchell H. Greenwald

Staff Present:

Elizabeth A. Ferland, City Manager
 Amanda Palmeira, City Attorney
 Rebecca Landry, Deputy City Manager
 Paul Andrus, Community Development
 Director
 Med Kopczynski, Economic Development
 Director
 Mari Brunner, Senior Planner
 Evan Clements, Planner
 Dan Langille, City Assessor

Members Not Present:

Michael J. Remy
 Kris E. Roberts
 Bettina A. Chadbourne
 Jacob R. Favolise
 Catherine I. Workman
 Thomas F. Powers

Jay V. Kahn, Mayor

Mayor Kahn called the meeting to order at 6:04 PM.

1) RSA 79-E Presentation

The Mayor welcomed Community Development Director Paul Andrus for introductory comments on NH RSA 79-E: Community Revitalization Tax Relief Incentive. Mr. Andrus said 79-E is one of the programs within the City's toolbox that it can use toward economic development and housing incentives. Having moved to Keene from out of state, he called it a unique program from his perspective, and one he was still learning about. This Workshop was to provide the Council with an overview of the program and allow an opportunity for discussion and feedback. After this, the City could analyze how it was using the program, any changes from the state, and how to make it a stronger tool to achieve the City's economic and housing development goals moving forward. Mr. Andrus introduced Judy Barrett and Lily Kramer from the Barrett Planning Group (of Hingham, MA) for a presentation on the RSA 79-E program.

Ms. Barrett noted that the Barrett Planning Group worked with the State of NH and NH Housing in 2024 to create A Municipal Guide to RSA 79-E. She called it an unusual statute that does not exist in most other states. She said credit was due to the State of NH for making it possible for communities to make the choices available under 79-E. She noted the Barrett Planning Group served several communities in New Hampshire, Connecticut, and Massachusetts. Ms. Kramer proceeded with a presentation on 79-E.

First, Ms. Kramer explained that NH RSA 79-E, the Community Revitalization Tax Relief Incentive, provides temporary tax relief for substantial rehabilitation or in some cases, replacement of qualifying structures. *Substantial rehabilitation* is defined in the statute as any rehabilitation that costs at least \$75,000 or 15% of the pre-rehabilitation assessed value, whichever is less. Qualifying structures are generally those within an established 79-E district. To receive tax relief, a project must provide one or more public benefits that are enumerated in the statute, which includes things like enhancing economic vitality of a downtown, enhancing or improving a historically important structure, or promoting the preservation and reuse of existing building stock. These qualifying structures can receive anywhere from one to 15 years of tax relief; there is a base amount of up to five years for the substantial rehabilitation, an additional two years can be added for projects that provide new residential units, an additional four years can be added for products that provide some level of affordable housing, and another four years is available for the rehabilitation of historic structures. Ms. Barrett agreed there are tiers of relief based on the degree of public benefit provided by the project.

Next, Ms. Kramer described RSA 79-E in Keene. Keene originally adopted the statute in 2017 and expanded the District boundaries in 2018 and 2025. She displayed a map with the current boundaries over the underlying Zoning. Generally, Ms. Kramer said Keene's 79-E District followed the downtown area. Since adopting 79-E in 2017, the City had received six applications for tax relief at three properties, all of which were granted. Ms. Kramer showed the three properties on a map. She said Keene established additional public benefit criteria to help the City Council assess applications and determine how long to reward tax relief to different projects. Those criteria include projects that: align with the master plan, create at least one new full-time job in the downtown, support public art, meet green building standards, improve energy performance, or encourage or maintain owner occupied housing. As a part of this input process, Ms. Kramer would ask the Council to evaluate these criteria and maybe suggest new ones or any changes.

Ms. Kramer briefly described the three 79-E projects that were approved in Keene to date, all of which submitted two applications each:

1. 34 Court Street: The former Grace Methodist Church. The first application involved substantial rehabilitation of the first floor for office space, which became the home of Paragon Digital Marketing. The tax relief began in April 2020 and ended in March 2025. Now, the property owner would be paying taxes on the full market value, accounting for the earlier rehabilitation. In 2025, the owners applied for a second time to redevelop the mostly underutilized second floor and mezzanine to create Platz Beer Garden, an indoor gathering space modeled after German beer halls. This renovation would involve some energy efficiency upgrades.

2. 112 Washington Street: Burrell House Inn. This property also received two applications for tax relief. The first application involved substantial rehabilitation of the main house to create the boutique hotel, which opened for guests in 2021. That tax relief period began in 2020 and ended in 2025. The property owner applied for 79-E again in 2025—five years of tax relief to rehabilitate the carriage house and create two new guest rooms and an operator’s apartment for expanding use of the hotel. The owner’s intent was to save the carriage house and main house from falling into disrepair or being underutilized, as they were both previously vacant. Ms. Kramer called this a sort of quintessential example of what 79-E was created to do: Save underutilized structures that are in danger of teardown and revitalize them for economic development and historic preservation purposes.
3. 310 Marlboro Street: @310. The first application involved substantial rehabilitation of the industrial building to expand the building’s prior use and create a more vibrant, multipurpose environment. Now, the building has mixed-use tenants, which dramatically increased the building occupancy. The second five-year application was for the housing development, which would add three stories of housing on top of the existing structure, including much needed workforce housing units within walking distance of downtown and other services. Ms. Barrett said this project was featured in the 79-E Guide, and it was great to tour the facility when it was completely tenanted on the ground floor.

Ms. Kramer continued, discussing new opportunities under 79-E. First, she talked about newer *housing provisions* added to the RSA in 2021/2022:

- Residential Property Revitalization Zones (RPRZ)
 - Eligible Projects: Any existing residential structure in established RPRZ that is *at least 40 years old and between one and four units*.
 - Tax Relief: Up to 15 years.

Ms. Kramer said RPRZ focus on aging and substandard one-to-four-unit homes. This tax relief is available to property owners for substantially improving the quality, condition, or use of their existing homes, which is defined the same way as substantial rehabilitation, at least \$75,000 or 15% of the pre-rehab assessed value.

Ms. Kramer provided a hypothetical scenario of an RPRZ in Keene (assuming steady tax rate over 15 years): A \$163,000 single-family home in an RPRZ is substantially improved and granted five years of tax relief. If the property is rehabilitated/renovated, the property owner would receive more than \$3,900 in tax relief over the five-year period. After that period and after property taxes account for the rehabilitation, approximately \$1,000/year would be added to the City revenue. Ms. Kramer showed the comparison if the property owner rehabilitated without the tax relief, noting there is an opportunity to create more value in the home under 79-E. Ms. Barrett agreed, citing the indirect investment through the tax credit, so at the end of the project, the property value is higher and generates more tax revenue than it would without the investment. The principle is to take pressure off of the earliest years of redevelopment, when the investment is typically at the greatest risk.

Ms. Kramer described the next newer housing provision added to the RSA in 2021/2022:

- Housing Opportunity Zones (HOZ)

- Eligible Projects: Housing unit(s) or property located within established HOZ that provides required *affordability*.
- Tax Relief: Up to 10 years.

Ms. Kramer explained that the defined level of affordability may include at least 1/3 of housing units for households at 80% Area Median Income (AMI) or lower, or an alternative mix of housing for very low-, low-, and moderate-income households. This tax relief is available for either rehabilitating units or creating new units.

Ms. Kramer provided a hypothetical scenario of an HOZ in Keene: A property in an HOZ currently assessed at \$925,000 and granted 10 years of tax relief for 45 new units, 1/3 of which must be affordable to households with income of 80% AMI or below. Ms. Kramer showed the tax bill over 15 years if the property owner did not utilize this incentive, compared to the graduated 100% relief over the first five years on the renovation under the tax relief. The next five years, the property owner would receive 50% relief, creating a stepped version, so the City would not be forgiving the full 100% for all 10 years. Ms. Kramer showed a comparison to 50% relief over all 10 years. During the relief period in this example, the property would receive approximately \$20,000/year in tax relief during the period, and after the relief period, the City would receive \$25,000/year added to the levy.

Ms. Kramer showed a chart to demonstrate the HOZ affordability requirements in Keene, specifically the fiscal year 2025 income and rent limits for Cheshire County, NH. The 80% AMI for a four-person household was approximately \$88,000 a year. She said the program also has affordability requirements for units at 60% and 50% AMI. Ms. Kramer listed rent limits shown for a 3-bed unit: fair market rent (\$2,013), 80% AMI (\$2,298), 60% AMI (\$1,724), and 50% AMI (\$1,436).

Next, Ms. Kramer described results from interviews that Barrett Planning Group performed as a part of this process. The goal was to talk with local and regional developers who both used 79-E and worked in Keene to better understand the strengths and challenges, potential for enacting HOZ or RPRZ, how different cities and towns promoted/used this program, and specific programs and development in Keene in general. Ms. Kramer provided the following details about the interview results:

- Strengths of 79-E: Allows for projects of scale. Makes a difference for developers because it provides cash flow right at the beginning of a project, when it is most needed.
- Challenges of 79-E: Can include uncertainty about whether a project will receive 79-E or for how long the tax relief will be granted. The general cost of development is also high and is a struggle for developers, even with 79-E. Also, some expressed that the increase in taxes once the property is taxed at full market value could be very extreme, depending on the project, and sometimes those increases are passed on to tenants/renters.
- HOZ Potential: Because 79-E has a provision so that only 50% of a project can be funded by grants, some interviewees said the levels of affordability required under HOZ could be difficult to achieve. Additionally, this program would probably require monitoring of units and some eligibility (enforcing the affordability and eligibility requirements).
- RPRZ Potential: Some interviewees thought there could be potential political issues under RPRZ, wondering how the City Council would decide to award tax relief to one

property and not another. Ms. Kramer thought it would be important to create education around the program. She added that many people mentioned areas of Keene that could benefit under the RPRZ incentive.

- General Development in Keene: Interviewees felt the City had done well at opening the development process and being proactive and easier to work with. Ms. Kramer heard from many people that was not always the case in the past. So, people had great experiences working with both City staff, and boards and committees more recently.

Ms. Kramer discussed the potential opportunities of 79-E. She said the City Council has the real discretion with this program, including the ability to: approve or deny applications, determine the length of tax relief with the guidelines (if someone applies for 15 years, the City does not have to grant that many years), further limit or modify the definition of qualifying structures and substantial rehabilitation, further define public benefits (which the City had already done), and adopt additional guidelines to help assess applications and determine the appropriate length of tax relief. Ms. Kramer said 79-E helps to spur economic and housing development in targeted areas, allows for a long-term increase in tax rolls at the end of the relief period, ensures specific community benefits (creates incentives to renovate older building stock without the up-front cost to the City or other government bodies, increasing the feasibility of rehabbing unutilized and underutilized structures), and makes a difference for developers by pushing projects over the edge of viability, allowing them to be bigger and better. Ms. Barrett added that inherent in this is the ability of the City to partner with developers on projects that might otherwise not happen. She called 79-E a good tool for public-private partnership models.

Ms. Kramer also discussed potential challenges of 79-E in more detail, particularly the Council's potential discretion. Additionally, in some cases, the full tax bill for a property would be deferred, while for other properties, the burden must be shared amongst the other properties in the City. She reiterated that the end of the relief period—when the property is taxed at full market value—could be harsh for property owners, which may cause them to pass those increased taxes on to their tenants (i.e., as higher rent). Also, residents often do not understand RSA 79-E well, or even know about it, so Ms. Kramer said it could be difficult to encourage use of this program. Deciding the right amount of relief to award or if a project truly needs tax relief could be difficult for some communities. Ms. Kramer added that uncertainty about whether or not they will receive tax relief could also be a challenge for developers in terms of HOZ, which would require the capacity to enforce affordability requirements, determine eligibility, and monitor those units. She said RPRZ might require technical assistance for applicants or property owners who are not traditional developers.

Ms. Kramer and Ms. Barrett concluded the presentation with next steps.

- Should the City adopt the new provisions?
 - If the City adopted these new provisions and established HOZ and RPRZ, unlike traditional 79-E, they would not have to be tied to the downtown area.
- If so, where should these districts be established?
 - Ms. Kramer said HOZ/RPRZ could be applied to the whole City or a specific area of the City.
- Should the existing 79-E District be expanded?

- It was already expanded in 2025 but if the Council thought it should expand further down any certain roads, Ms. Kramer asked them to let her know.
- Are the current criteria still relevant?
 - For the local public benefits.
- How can the City better encourage 79-E utilization?

Councilor Bosley asked if an applicant must apply prior to the start of renovation for RPRZ. Ms. Kramer said yes, relief cannot be granted to projects mid-construction. Mayor Kahn noted that he authored that, and the intent was so cities could act proactively and wield the program around neighborhoods (i.e., ward-to-ward for a period of a few years each). He was unsure how well that intent had been acted upon elsewhere in the state. Councilor Bosley said she was thinking about it from the perspective of a homeowner, who might not be as savvy or understand there are tax incentive programs that impact them. She thought it would be important for the Community Development Department to educate people as to whether the projects they are applying for rise to the level of being able to utilize one of these programs. Councilor Bosley suggested the City considering a policy for applications submitted midstream that might not rise enough in value to constitute triggering this, but they could provide receipts for previous work within a certain period of time that was not permitted, so the project parts could be combined. Councilor Bosley also asked if this tax relief would transfer with the property. Ms. Kramer said yes, the covenant, public benefits, and tax relief transfer with the property. Councilor Bosley asked, if a property owner was granted a 10-year tax relief and sold the house after five years, would the new owner benefit from the tax relief. Ms. Barrett said the tax relief runs with the land.

Councilor Bosley asked if there were different sets of criteria for RPRZ than the regular 79-E program. She did not think the 79-E criteria lined up with appropriate things she thought neighborhood homeowners or one-to-four family landowners might want to use the program for. Ms. Barrett thought 79-E was created with a particular set of objectives and the statute had been used to add other types of benefits. So, she said what was recognizable as the original 79-E was not necessarily transferring to the newer provisions. Councilor Bosley asked if the City could create two separate sets of criteria? Ms. Barrett said within the bounds of the statute, the programs are serving different purposes, so yes, there is flexibility for the City to specify the projects to target or the degree of benefit. She mentioned challenges and opportunities: wanting to create so much of a certain benefit could inadvertently become a disincentive for some types of projects because they cannot reach that bar. She said Councilor Bosley raised an interesting point about the Residential Property Revitalization Zones, as Ms. Barrett could imagine two people having some investment and then finding out after the fact that the program exists. Ms. Barrett thought it created a need for public education that may help people down the road better than it does at the beginning when people might not really understand. Councilor Bosley thought Keene created an environment that incentivized revitalization of the current housing stock, citing creation of the 21 in 21 Program in 2020, partnering with homeowners to invest in some of these neighborhoods. She wanted to see partnerships like that happening more; she did not want residents discouraged from fixing their homes because they do not want to give the City any more money. She wanted residents to be encouraged to improve their neighborhoods because they are not fearful of the tax bills.

Mayor Kahn did not think this legislation anticipated Accessory Dwelling Units (ADUs) on a property that he said could easily be \$150,000. Ms. Kramer said ADUs would certainly apply under the statute for substantially improving the use of an existing structure. If they met the other criteria, ADUs would be eligible for tax relief. Mayor Kahn said these are not huge tax relief numbers, just a little boost of an incentive to somebody who is risking \$100,000–\$200,000.

Councilor Haas asked if other towns and cities in NH were taking advantage of 79-E; he imagined Keene was a leader. Ms. Barrett said these newer housing provisions were relatively untested, which was the big discovery when working on the Guidebook in 2024. She said the provisions were still fairly new and not necessarily well understood. She added that some things in the statute were different enough that it could take people time to understand how to make them work. On the original 79-E, Ms. Barrett said Concord, Manchester, Keene, and Rochester had implemented some lovely projects. Coming from MA, she did not understand why more people were not using 79-E, calling it a great tool for downtown and neighborhood revitalization, with benefits the Council had seen. Councilor Haas said those cities were all comparable in size to Keene, though Concord and Manchester were in a somewhat different category. He asked if there were examples similar to Keene beyond Rochester. Ms. Barrett said there were several in the Guidebook, and she could get back to the Council. She said mostly urban communities were taking advantage of this tool, noting she was unsure many smaller towns have the staff capacity or political leadership to make it work. So, Ms. Barrett said it was a credit to Keene.

Councilor Greenwald asked if the listed AMI affordability requirements for rent limits included heat, hot water, and electricity. Ms. Kramer said those things are not specifically enumerated under the statute. Councilor Greenwald said the rent limit listed for a 2-bedroom unit at 80% AMI, \$2,298, would include all those utilities. He asked what requirements there are for tenants to report their income. Ms. Barrett thought that it would be needed to ensure the property's compliance with the purposes of law. Councilor Greenwald said he would want that information but said tenants' past refusal to show income ruined his ability to participate in several programs. Mayor Kahn and Ms. Barrett agreed that it would be a problem for programs that require an AMI, like the Housing Opportunity Program. Councilor Greenwald asked if there is annual reporting required. Ms. Barrett said that every program to support housing development she was aware of had some type of accountability for the income limits; that is an inherent part of the public benefit.

Councilor Bosley mentioned an example of the City taking on a project with grant funding and AMI requirements, using Keene Housing Authority as the tool. City Manager Elizabeth Ferland said those funds came through the City to the developer, so there was a requirement to monitor the affordability of the five units (by the City Assessor). The City Manager said it would be difficult for the City to do that for a lot of properties, but it was fairly easy for this project, and the duration was reasonable. She said some sort of program would be needed to consider monitoring for 10 to 15 years. Councilor Bosley agreed but noted that the projects with limitations in place would be monitored annually.

Councilor Jones asked if any 79-E project in NH had required infrastructure improvements. He also asked if a 79-E district could be combined with a Tax Incremental Financing (TIF) District. Ms. Barrett replied that there was no barrier in the statute to combining TIF and 79-E districts.

The Council could reject projects within TIF districts. She thought a project in Manchester involved both. Mayor Kahn noted that the restrictions on defining a TIF district led to establishing Keene's Residential District, so it could focus on lower valuations.

Councilor Williams asked if there would be any particular reason not to create a district that covers the entire City. Ms. Barrett said there was no barrier to it for the RPRZ, and she knew of two other communities not far from Keene that were considering community-wide RPRZ. Mayor Kahn thought the presenters were getting a sense that the Council might be interested in following what other communities were doing. He asked that they pass guidance on to City staff after the workshop. Ms. Barrett said these housing provisions were so new that there were few examples compared to how many communities made trusted use of 79-E for the purposes originally intended in the statute because they had such success creating housing in their downtown areas. She thought the challenges she and Ms. Kramer had been hearing would continue making communities wonder if they could make this work. Ms. Barrett's sense was that the RPRZ felt like less of a heavy lift because you would qualify based on the property, not income; it is a way to help homeowners.

2) Break-Out Session

Councilors reviewed posters around the room about 79-E from 6:48 PM to 7:03 PM. They shared feedback about the posters on sticky notes.

3) Question & Answer

The Council reconvened to debrief and asked any remaining questions from the breakout session. Ms. Kramer noted that this would not be the opportunity to answer all of the Council's questions. The Barrett Planning Group was thinking about creating a resolution to hopefully bring before the Council this fall. To craft that resolution, Ms. Barrett said there were a few critical questions they needed to ask the Council:

1. Would the Council want to pursue RPRZ and/or HOZ?
 - a. If so, where to focus geographically? Would some opportunities be Citywide?

Ms. Barrett said the Council had an opportunity to sculpt a program that would work for the City. Mayor Kahn thought the Council would turn to the Community Development Department staff to make recommendations based on this presentation and the Council's feedback. The City Manager agreed that she would work with the Community Development Department to bring something forward to the Council, probably through the Planning, Licenses and Development Committee.

Councilor Tobin wondered if there would be a limit on the number of projects funded per year—not a funding limit, but in terms of not collecting taxes; what should that cap be in terms of projects? Mayor Kahn thought that the projects were so underutilized—including ADUs—that putting a cap on the funding or taxes collected would add a level of administrative complexity that he did not think the City needed. The Mayor said, “what a wonderful thing it would be if that was the case.” Councilor Tobin agreed that it would be wonderful but said it would be a separate kind of challenge to figure out how to communicate it. Councilor Tobin added that once

everyone is more aware of it and it is available everywhere, she wondered how it could impact areas of focus and a trickle effect not collecting taxes for multiple years without a cap. Councilor Bosley replied from her perspective that this would not give tax relief to the property owner's current tax bill, only to the increase in value from the renovation. So, without offering the increase, the City might not get the project at all, which Councilor Bosley said would cripple potential improvements in the community. She called it delayed gratification for the City. However, she cited the huge tax increases for the City for a 79-E renovation of a dilapidated downtown building; there was one with development potential on Main Street at this time that Councilor Bosley said—with a 79-E application—the City would still collect taxes on the original assessed value throughout the period of tax relief and get a revitalized building in 10 years to collect revenue on (\$3 million building vs. \$500,000, for example). So, when looking at RPRZ, she said it would be less dire, noting it would not be huge amounts of dollars. For a \$100,000 project, she said the approximately \$1,500 loss in taxes (on a \$3,000 bill) on the five-year relief from not sending the tax bill during the project would be worth the overall improvement to the community and bringing everyone's tax valuations up.

Mayor Kahn thought there was a limit to 7.5% of the improved value. He asked about the cap on the incentive. Ms. Kramer said property owners would pay taxes on the pre-rehabilitation assessed value. Once the tax relief period is over, the property would be reassessed, considering the full market value. Ms. Kramer explained that the City could offer layers of graduated relief, like 100% in the first year, 90% in the second year, etc., or 100% for the entire relief period. Mayor Kahn said it sounded like a lot of flexibility for the City.

Councilor Madison asked what kind of enforcement options the City would have if it adopted RPRZ/HOZ, someone purchased a property, lived in one of the units during renovations, and then converted the property into short term rentals (e.g., Airbnb); could the City deny the tax credits or impose penalties? Ms. Kramer said the covenant would record the public benefit that the project says it would provide. If the project does not provide those public benefits, the property owner would be liable for returning those taxes and the back taxes. Thus, Mayor Kahn said a violation would abrogate the original agreement.

Mayor Kahn asked Councilors to post sticky notes on the boards with any other suggestions or submit comments to the Community Development Department.

4) Adjournment

There being no further business, Mayor Kahn adjourned the meeting at 7:12 PM.

Respectfully submitted by,
Katrinya Kibler, Minute Taker
September 23, 2025

Edits submitted by,
Kathleen Richards, Deputy City Clerk